Government of Canada / Gouvernement du Canada

Department of Finance Canada

Canada

The Fiscal Monitor
A publication of the Department of Finance

Highlights

September 2015: budgetary deficit of $1.2 billion

There was a budgetary deficit of $1.2 billion in September 2015, compared to a surplus of $0.4 billion in September 2014. Revenues decreased by $0.2 billion, or 1.1 per cent, as decreases in personal income tax revenues and other revenues were only partially offset by increases in other revenue streams. Program expenses were up $1.6 billion, or 8.0 per cent, reflecting increases in major transfers to persons and other levels of government and direct program expenses. Public debt charges decreased by $0.2 billion, or 8.9 per cent, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

April to September 2015: budgetary surplus of $1.6 billion

For the April to September 2015 period of the 2015–16 fiscal year, the Government posted a budgetary surplus of $1.6 billion, compared to a deficit of $0.7 billion reported in the same period of 2014–15.

Revenues were up $10.9 billion, or 8.3 per cent, reflecting increases in all revenue streams. Program expenses were up $9.0 billion, or 7.7 per cent, reflecting increases in major transfers to persons and other levels of government and direct program expenses. Public debt charges were down $0.5 billion, or 3.2 per cent, largely reflecting a lower average effective interest rate on the stock of interest-bearing debt.

September 2015

There was a budgetary deficit of $1.2 billion in September 2015, compared to a surplus of $0.4 billion in September 2014.

Revenues in September 2015 totalled $22.0 billion, down $0.2 billion, or 1.1 per cent, from September 2014.

- Personal income tax revenues were down $0.6 billion, or 5.5 per cent.
- Corporate income tax revenues were up $0.4 billion, or 12.7 per cent.
- Non-resident income tax revenues were up $0.2 billion, or 60.4 per cent.
- Excise taxes and duties were up $0.2 billion, or 4.8 per cent. Goods and Services Tax (GST) revenues and customs import duties each increased by $0.1 billion, energy taxes increased by $7 million, and other excise taxes and duties increased by $29 million.
- Employment Insurance (EI) premium revenues were up $46 million, or 3.4 per cent, reflecting growth in earnings.
- Other revenues, consisting of net profits from enterprise Crown corporations, revenues of consolidated Crown corporations, revenues from sales of goods and services, returns on investments, net foreign exchange revenues and miscellaneous revenues, were down $0.5 billion, or 18.8 per cent, due largely to a decrease in net profits from enterprise Crown corporations.

Program expenses in September 2015 were $21.2 billion, up $1.6 billion, or 8.0 per cent, from September 2014.

- Major transfers to persons, consisting of elderly, EI and children's benefits, increased by $0.4 billion, or 6.0 per cent. Elderly benefits increased by $0.1 billion, or 2.6 per cent, due to growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefit payments decreased by $0.1 billion, or 8.2 per cent. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit (UCCB), increased by $0.4 billion, or 36.3 per cent, due mainly to the enhancement and expansion of the UCCB effective January 2015.
- Major transfers to other levels of government consist of federal transfers in support of health and other social programs (primarily the Canada Health Transfer and the Canada Social Transfer), fiscal arrangements and other transfers (Equalization, transfers to the territories, as well as a number of smaller transfer programs), transfers to provinces on behalf of Canada's cities and communities, and the Quebec Abatement. Major transfers to other levels of government increased by $0.2 billion, or 4.9 per cent, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Direct program expenses include transfer payments to individuals and other organizations not included in major transfers to persons and other levels of government, and other direct program expenses, which consist of operating expenses of National Defence, other departments and agencies, and expenses of consolidated Crown corporations. Direct program expenses were up $1.0 billion, or 11.4 per cent. Within direct program expenses:
    - Transfer payments increased by $0.4 billion, or 16.0 per cent, due mainly to timing factors.
    - Other direct program expenses increased by $0.6 billion, or 9.4 per cent, reflecting in part an increase in pension and other employee and veteran future benefit expenses based on the Government's latest actuarial valuations.

Public debt charges decreased by $0.2 billion, or 8.9 per cent, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

April to September 2015

For the April to September 2015 period of the 2015–16 fiscal year, there was a budgetary surplus of $1.6 billion, compared to a deficit of $0.7 billion reported in the same period of 2014–15.

Revenues increased by $10.9 billion, or 8.3 per cent, to $141.3 billion.

- Personal income tax revenues were up $2.2 billion, or 3.4 per cent.
- Corporate income tax revenues were up $3.3 billion, or 21.6 per cent, largely reflecting assessments and reassessments for prior tax years.
- Non-resident income tax revenues were up $0.5 billion, or 17.9 per cent.
- Excise taxes and duties were up $2.1 billion, or 8.7 per cent. GST revenues were up $1.5 billion, or 9.3 per cent. Customs import duties were up $0.4 billion, and energy taxes and other excise taxes and duties were each up $0.1 billion.
- EI premium revenues were up $0.4 billion, or 3.7 per cent, reflecting growth in earnings.
- Other revenues were up $2.4 billion, or 18.2 per cent, primarily reflecting the gain realized on the sale of the Government's remaining holdings of General Motors common shares in April 2015.

For the April to September 2015 period, program expenses were $125.9 billion, up $9.0 billion, or 7.7 per cent, from the same period the previous year.

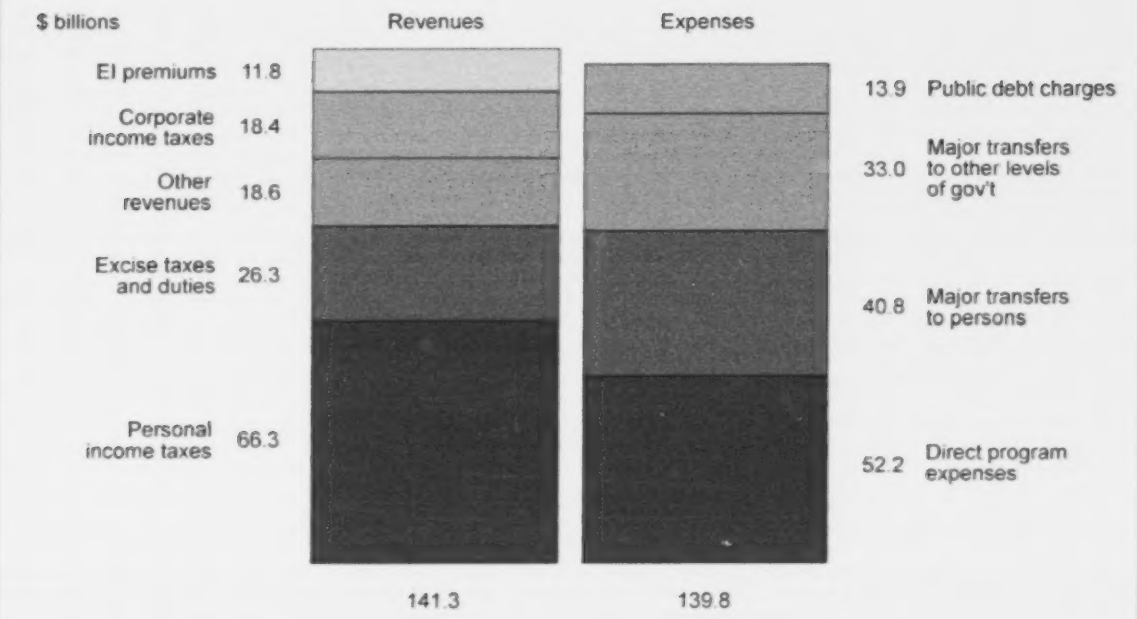
- Major transfers to persons were up $4.0 billion, or 10.9 per cent. Elderly benefits increased by $0.9 billion, or 4.3 per cent, reflecting growth in the elderly population and changes in consumer

prices, to which benefits are fully indexed. EI benefit payments increased by $0.6 billion, or 6.7 per cent. Children's benefits were up $2.5 billion, or 38.5 per cent, largely reflecting increased benefits related to the expansion and enhancement of the UCCB.

- Major transfers to other levels of government were up $1.4 billion, or 4.5 per cent, largely reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Direct program expenses were up $3.6 billion, or 7.3 per cent. Within direct program expenses:
  - Transfer payments increased by $0.6 billion, or 4.4 per cent.
  - Other direct program expenses increased by $2.9 billion, or 8.5 per cent, reflecting in large part an increase in pension and other employee and veteran future benefit expenses.

Public debt charges decreased by $0.5 billion, or 3.2 per cent, largely reflecting a lower average effective interest rate on the stock of interest-bearing debt.

Revenues and expenses (April to September 2015)



Note: Totals may not add due to rounding.

Financial requirement of $15.3 billion for April to September 2015

The budgetary balance is presented on an accrual basis of accounting, recording government revenues and expenses when they are earned or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the Government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the Government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

With a budgetary surplus of $1.6 billion and a requirement of $16.8 billion from non-budgetary transactions, there was a financial requirement of $15.3 billion for the April to September 2015 period, compared to a financial requirement of $2.0 billion for the same period the previous year.

Net financing activities up $25.7 billion

The Government financed this financial requirement of $15.3 billion and increased cash balances by $10.5 billion by increasing unmatured debt by $25.7 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds and treasury bills.

The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of September 2015 stood at $38.4 billion, up $8.4 billion from their level at the end of September 2014.

Table 1
Summary statement of transactions
$ millions

	September		April to September	
	2014	2015	2014–15	2015–16
Budgetary transactions				
Revenues	22,227	21,981	130,474	141,336
Expenses				
Program expenses	-19,639	-21,217	-116,884	-125,882
Public debt charges	-2,209	-2,012	-14,334	-13,879
Budgetary balance (deficit/surplus)	379	-1,248	-744	1,575
Non-budgetary transactions	1,508	-479	-1,257	-16,848
Financial source/requirement	1,887	-1,727	-2,001	-15,273
Net change in financing activities	-1,807	3,387	5,939	25,741
Net change in cash balances	80	1,660	3,938	10,468
Cash balance at end of period			30,011	38,420

Note: Positive numbers indicate a net source of funds. Negative numbers indicate a net requirement for funds.

Table 2
Revenues

	September			April to September		
	2014 ($ millions)	2015 ($ millions)	Change (%)	2014–15 ($ millions)	2015–16 ($ millions)	Change (%)
Tax revenues						
Income taxes						
Personal income tax	10,873	10,280	-5.5	64,044	66,250	3.4
Corporate income tax	2,822	3,180	12.7	15,139	18,407	21.6
Non-resident income tax	399	640	60.4	2,616	3,085	17.9
Total income tax	14,094	14,100	0.0	81,799	87,742	7.3
Excise taxes and duties						
Goods and Services Tax	2,730	2,786	2.1	16,132	17,640	9.3
Energy taxes	502	509	1.4	2,720	2,846	4.6
Customs import duties	391	499	27.6	2,329	2,726	17.0
Other excise taxes and duties	521	550	5.6	3,048	3,130	2.7
Total excise taxes and duties	4,144	4,344	4.8	24,229	26,342	8.7
Total tax revenues	18,238	18,444	1.1	106,028	114,084	7.6
Employment Insurance premiums	1,339	1,385	3.4	11,343	11,763	3.7
Other revenues	2,650	2,152	-18.8	13,103	15,489	18.2
Total revenues	22,227	21,981	-1.1	130,474	141,336	8.3

Note: Totals may not add due to rounding.

Table 3
Expenses

	September			April to September		
	2014 ($ millions)	2015 ($ millions)	Change (%)	2014–15 ($ millions)	2015–16 ($ millions)	Change (%)
Major transfers to persons						
Elderly benefits	3,653	3,749	2.6	21,501	22,418	4.3
Employment Insurance benefits	1,484	1,363	-8.2	8,784	9,376	6.7
Children's benefits	1,108	1,510	36.3	6,472	8,963	38.5
Total	6,245	6,622	6.0	36,757	40,757	10.9
Major transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	2,676	2,835	5.9	16,057	17,013	6.0
Canada Social Transfer	1,049	1,080	3.0	6,291	6,480	3.0
Total	3,725	3,915	5.1	22,348	23,493	5.1
Fiscal arrangements and other transfers[1]	1,625	1,687	3.8	10,452	10,796	3.3
Canada's cities and communities	0	0	n/a	987	979	-0.8
Quebec Abatement	-376	-386	2.7	-2,255	-2,308	2.4
Total	4,974	5,216	4.9	31,532	32,960	4.5
Direct program expenses						
Transfer payments						
Aboriginal Affairs and Northern Development	353	417	18.1	2,833	3,105	9.6
Agriculture and Agri-Food	116	188	62.1	302	543	79.8

Employment and Social Development	584	476	-18.5	2,498	2,615	4.7
Foreign Affairs, Trade and Development	115	462	301.7	935	1,262	35.0
Health	332	334	0.6	1,593	1,594	0.1
Industry	157	208	32.5	1,064	1,161	9.1
Other[1]	895	876	-2.1	4,946	4,521	-8.6
Total	2,552	2,961	16.0	14,171	14,801	4.4
Other direct program expenses						
Crown corporations	558	720	29.0	3,386	4,073	20.3
National Defence	1,638	1,966	20.0	9,754	10,775	10.5
All other departments and agencies	3,672	3,732	1.6	21,284	22,516	5.8
Total other direct program expenses	5,868	6,418	9.4	34,424	37,364	8.5
Total direct program expenses	8,420	9,379	11.4	48,595	52,165	7.3
Total program expenses	19,639	21,217	8.0	116,884	125,882	7.7
Public debt charges	2,209	2,012	-8.9	14,334	13,879	-3.2
Total expenses	21,848	23,229	6.3	131,218	139,761	6.5

Note: Totals may not add due to rounding.

[1] Comparative figures have been reclassified to conform to the presentation in the 2014-15 Consolidated Financial Statements of the Government of Canada.

Table 4
The budgetary balance and financial source/requirement
$ millions

	September		April to September	
	2014	2015	2014–15	2015–16
Budgetary balance (deficit/surplus)	379	-1,248	-744	1,575
Non-budgetary transactions				
Capital investment activities	-330	-427	-1,599	-1,803
Other investing activities	-1,567	-1,874	2,902	-3,041
Pension and other accounts	248	711	688	2,573
Other activities				
Accounts payable, receivables, accruals and allowances	3,300	2,580	-7,207	-10,818
Foreign exchange activities	-423	-1,836	1,941	-5,983
Amortization of tangible capital assets	280	367	2,018	2,224
Total other activities	3,157	1,111	-3,248	-14,577
Total non-budgetary transactions	1,508	-479	-1,257	-16,848
Financial source/requirement	1,887	-1,727	-2,001	-15,273

Note: Totals may not add due to rounding.

Table 5
Financial source/requirement and net financing activities
$ millions

	September		April to September	
	2014	**2015**	**2014–15**	**2015–16**
Financial source/requirement	1,887	-1,727	-2,001	-15,273
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	3,059	855	8,635	5,138
Treasury bills	-4,000	2,200	200	13,600
Retail debt	-22	-7	-165	-108
Total	-963	3,048	8,670	18,630
Foreign currency borrowings	-1,788	-546	-2,011	2,937
Total	-2,751	2,502	6,659	21,567
Cross-currency swap revaluation	992	811	-387	3,835
Unamortized discounts and premiums on market debt	-31	61	-35	445
Obligations related to capital leases and other unmatured debt	-17	13	-298	-106
Net change in financing activities	-1,807	3,387	5,939	25,741
Change in cash balance	80	1,660	3,938	10,468

Note: Totals may not add due to rounding.

Table 6
Condensed statement of assets and liabilities
$ millions

	March 31, 2015	September 30, 2015	Change
Liabilities			
Accounts payable and accrued liabilities	123,631	108,306	-15,325
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	487,881	493,019	5,138
Treasury bills	135,692	149,292	13,600
Retail debt	5,660	5,552	-108
Subtotal	629,233	647,863	18,630
Payable in foreign currencies	20,267	23,204	2,937
Cross-currency swap revaluation	6,669	10,504	3,835
Unamortized discounts and premiums on market debt	4,296	4,741	445
Obligations related to capital leases and other unmatured debt	4,715	4,609	-106
Total unmatured debt	665,180	690,921	25,741
Pension and other liabilities			
Public sector pensions	152,664	152,248	-416
Other employee and veteran future benefits	76,140	79,081	2,941
Other liabilities	6,002	6,050	48
Total pension and other liabilities	234,806	237,379	2,573

Total interest-bearing debt	899,986	928,300	28,314
Total liabilities	1,023,617	1,036,606	12,989
Financial assets			
Cash and accounts receivable	136,696	142,657	5,961
Foreign exchange accounts	85,018	91,001	5,983
Loans, investments, and advances (net of allowances)[1]	113,681	115,314	1,633
Public sector pension assets	1,263	1,263	0
Total financial assets	336,658	350,235	13,577
Net debt	686,959	686,371	-588
Non-financial assets	74,629	74,208	-421
Federal debt (accumulated deficit)	612,330	612,163	-167

Note: Totals may not add due to rounding.

[1] September 30, 2015 amount includes $1.4 billion in other comprehensive losses from enterprise Crown corporations and other government business enterprises for the April to September 2015 period.

Note: Unless otherwise noted, changes in financial results are presented on a year-over-year basis.

For inquiries about this publication, contact Glenn Purves at 613-369-5655.

November 2015

© Her Majesty the Queen in Right of Canada (2015)

All rights reserved

All requests for permission to reproduce this document or any part thereof shall be addressed to the Department of Finance Canada.

Cette publication est également disponible en français.

Cat. No.: F12-4E-PDF
ISSN: 1487-0134